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FLAX CROP INSURANCE - 1948
SUMMARY OF MAJOR PROGRAM PROVISIONS

January 18, 1948

1. Plans of Insurance

Two plans of insurance are offered as follows: (1) Yield insurance with a fixed price for payment of premiums and indemnities is offered in 44 counties. The fixed price will be \$6.00 per bushel, with differentials where applicable, for the area served by the Minneapolis market, and \$5.35 with differentials for the area served by Fredonia, Kansas, market. (2) Low dollar coverage and cash premium rate is offered in four counties. In this plan \$5.75 per bushel will be used for valuing production in case of loss.

There is attached a list which tentatively shows the counties and states in which each plan of insurance will be offered.

2. Level of Insurance

Only one level of insurance is offered under either plan. For yield insurance the level is limited generally to the cost of production and probably does not exceed 60% insurance. For dollar coverage the level represents generally about 40% of the county average yield times the fixed price.

Under the yield insurance program partial insurance is provided with one option which is 65%. The insured may change from or to partial insurance by filing written notice with the Corporation on or before December 31 preceding the year to which the change applies. Such notice is subject to Corporation approval.

3. Establishing Coverages and Premium Rates

Coverages and premium rates are on an area basis and are established on county maps or aerial photographs. Coverages and premium rates may be a flat amount for the county or may vary by areas or farming practices as determined necessary. Variation by areas are based on distinct differences with respect to productivity, cost of production, or risk of loss. The areas for dollar coverage insurance probably are larger than for yield insurance--perhaps even county-wide in counties that are rather uniform throughout. Land for which no coverage is established will not be insurable.

4. Progressive Protection

For yield insurance there is a uniform coverage throughout the season with minimum appraisal of 50 percent for any acreage which is released and seeded to a substitute crop, 20 percent appraisal for any acreage which is released for summer fallow, and 10 percent minimum appraisal for any other acreage which is released. For the low dollar-coverage insurance the coverage is progressive. It will be 50 percent for any acreage seeded to a substitute crop, 100 percent for all other acreage not harvested and 100 percent plus \$1.60 per acre for any acreage harvested.

5. Insured Acreage

Contract will cover all acreage in the county in which insured shares and for which a coverage has been established. Acreage reports possibly will be obtained by personal contact, at which time crop will be inspected.

6. Insurance Unit

An insurance unit will include (a) all of the insurable acreage of flax in the county in which the insured has 100% interest in the crop, or (b) all the insurable acreage in the county which is operated by the insured as a share tenant and which is owned by one person, or (c) all the insurable acreage in the county which is owned by the insured and is rented to one share tenant. Land rented for cash or for a fixed commodity payment shall be considered to be owned by the lessee. Insurance units are not limited to farm boundaries.

7. Term of Contract

The term of the contract for yield insurance is continuous with provision for cancelation for any crop year if requested on or before December 31 of the preceding year, with the further provision that if the insured so cancels, he shall not be eligible for insurance for the next succeeding crop year, unless he files a new application for insurance on or before the final date for cancelation.

Dollar coverage insurance is offered under an annual contract, principally because of the experimental nature of the program and the difficulty of establishing a price for evaluating production for a period of time greater than one year.

8. Insurance Period

The insurance period begins upon seeding and ends upon being threshed or removal from field, but not later than October 31.

9. Premiums

No minimum premium has been provided. A reduction in premium is provided based on size of acreage in insurance unit. Where the insured flax acreage for an insurance unit is not less than 25 acres and does not exceed 75.9 acres, there will be a one percent reduction in premium. For each additional 50 acres of insured flax or fraction thereof, on the insurance unit, there will be an additional one percent reduction in the total premium for the insurance unit. The maximum reduction will be 20%, which will apply where the insured acreage is 975 acres or more on an insurance unit. Where the insured acreage on an insurance unit is less than 25 acres there will be no reduction in premium.

A three percent penalty will apply on any portion of the premium not paid on or before December 31, 1948, and there will be an additional three percent penalty on amounts remaining unpaid at the end of each 6-month period thereafter. Maturity date for premiums is July 31 for all states.

10. Notice of Loss

Notice of loss is required at time of damage and also a notice of loss immediately upon completion of harvest, with Corporation reserving right to reject any claim where notice is not given within 15 days after completion of harvest.

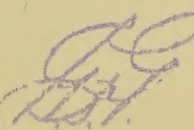
11. Closing Dates

The closing date for submission of applications in all states is March 15 or the beginning of seeding on any insurance unit covered by the contract, whichever is earlier.

Following are the states and counties where flax insurance will be offered to producers in 1948:

<u>State</u>	<u>Counties</u>
Iowa	Osceola
Kansas	Allen, Anderson
Minnesota	Becker, Blue Earth, Brown, Clay*, Kandiyohi, Kittson, Lac Qui Parle, Lincoln, Lyon, Martin, Marshall, McLeod, Murray, Nobles, Norman, Olmstead, Polk, Pennington, Pope, Redwood, Roseau, Swift, Traverse, Wilkin
Montana	McCone*, Sheridan
North Dakota	Barnes, Benson, Cass, Grand Forks, LaMoure, McLean, Nelson, Pembina, Pierce, Ramsey, Richland, Steele, Stutsman*, Traill, Walsh, Ward
South Dakota	Coddington*, Day, Roberts

*Tentatively selected for dollar coverage insurance.


Manager

